

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1853 - HB 2099

February 6, 2016

SUMMARY OF BILL: Creates the *Cogeneration and Distributed Generation Act* which authorizes any person to operate a cogeneration facility without being subject to the jurisdiction or regulation of the Tennessee Regulatory Authority (TRA), provided that the electric energy is used by such person and any excess electric energy is only sold to an electric supplier. Requires electric service providers to make either bidirectional metering or single directional metering available to customer generators and enter into a written agreement with the customer generator to charge the customer generator the rate established by TRA, or the appropriate governing body for metering services.

Requires the TRA or governing body to include the direct costs associated with interconnecting or administering metering services or distributed generation facilities in setting the fees for metering service, and prohibits such from being allocated to the utility's entire customer base. Prohibits electric service provider from charging the customer generator any standby, capacity, interconnection, or other fee or charge, other than a monthly service charge unless the customer generator agrees or is approved by TRA or appropriate governing body. Requires energy flow to be measured and paid for according to the requirements of the bill. Requires an electric service provider to only purchase energy from an eligible customer on a first come, first served basis until the cumulative generating capacity of all renewable energy sources equals two-tenths of one percent (0.2 percent) of the utility's annual peak demand in the previous year.

Authorizes the electric service provider to purchase energy from an eligible customer generator as defined by TRA or governing body. Requires a distributed generation facility used by a customer generator to include equipment necessary to meet requirements of the National Electrical Code, National Electrical Safety Code, the Institute of Electrical and Electronics Engineers, and Underwriters Laboratories.

Authorizes adoption by regulation additional safety, power quality, and interconnection requirements for a customer generator that TRA or governing body determines are necessary to protect public safety and system reliability after appropriate notice and opportunity for comment. Prohibits an electric service from requiring a customer generator whose distributed generation facility meets the standards to comply with additional safety or performance standards, perform or pay for additional tests, or purchase additional liability insurance.

Prohibits an electric service provider or electric supplier from being liable to any person, directly or indirectly, for loss of property, injury, or death resulting from the interconnection of a cogenerated or distributed generation facility to its electrical system. Authorizes TRA to promulgate rules in accordance with the Uniform Administrative Procedures Act. Requires the Cogeneration and Distributed Generation Act to be effective January 1, 2017.

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ESTIMATED FISCAL IMPACT:

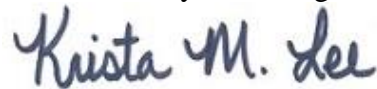
NOT SIGNIFICANT

Assumptions:

- According to local sources, the proposed bill could not be lawfully applied to the Tennessee Valley Authority (TVA) or any electric service provider in the state which has a power supply contract with TVA. Specifically, the provisions related to metering and billing and the obligation to purchase power directly from cogenerators or distributed generation facilities are inconsistent with provisions of the federal power contracts between TVA and electric service providers in the state.
- According to local sources, these provisions are also inconsistent with TVA's federal regulatory authority over such electric service providers in the state, in accordance with the TVA Act.
- Based on the information provided by TRA, the Authority will promulgate rules and regulations for purposes of implementing the proposed bill. Any fiscal impact will be accommodated within existing resources and staff without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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